


ORIGINAL

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CRIMINAL COMPLAINT

UNITED STATES DISTRICT COURT		CENTRAL DISTRICT OF CALIFORNIA	
UNITED STATES OF AMERICA v. SHI SHAN PIAO, a.k.a. "Mr. Park" and JIA RUNZE, a.k.a. "Roger"		DOCKET NO. ED 17-0287M MAGISTRATE'S CASE NO.	
2017 JUN 15 PM 2:37 CLERK U.S. DISTRICT COURT CENTRAL DIST. OF CALIF. RIVERSIDE		FILED CLERK U.S. DISTRICT COURT JUN 15 2017 CENTRAL DISTRICT OF CALIF.	
BY _____ Complaint for violation of Title 18, United States Code, Sections 1349 and 1028A			
NAME OF MAGISTRATE JUDGE Honorable Sheri Pym		UNITED STATES MAGISTRATE JUDGE	LOCATION Riverside, California
DATE OF OFFENSE 2006 through the present	PLACE OF OFFENSE Los Angeles County	ADDRESS OF ACCUSED (IF KNOWN)	
COMPLAINANT'S STATEMENT OF FACTS CONSTITUTING THE OFFENSE OR VIOLATION: Beginning in or before December 2006, and continuing through the present, in Los Angeles County, within the Central District of California, and elsewhere, defendants SHI SHAN PIAO and JIA RUNZE, and others, conspired to commit bank fraud, in violation of Title 18, United States Code, Section 1344. The object of the conspiracy was carried out, and to be carried out, in substance, as follows: Defendants PIAO and RUNZE would obtain the identifying information of real persons and apply for and build up credit in their names. Defendants PIAO and RUNZE would then make purchases and obtain cash advances impersonating those identities and then abandoning them. Federally-insured financial institutions defrauded as a result of this conspiracy include Chase Bank, NAVY Federal Credit Union, First Premier Bank, Citibank, Capital One, and U.S. Bank. Beginning in or before December 2006, and continuing through the present, in Los Angeles County, within the Central District of California, and elsewhere, defendants SHI SHAN PIAO and JIA RUNZE knowingly transferred, possessed, and used, without lawful authority, a means of identification of another person during and in relation to a felony violation of Title 18, United States Code, Section 1349, Conspiracy to Commit Bank Fraud, as charged in Count One of this complaint.			
BASIS OF COMPLAINANT'S CHARGE AGAINST THE ACCUSED: (See attached affidavit which is incorporated as part of this Complaint)			
MATERIAL WITNESSES IN RELATION TO THIS CHARGE: N/A			
Being duly sworn, I declare that the foregoing is true and correct to the best of my knowledge.	SIGNATURE OF COMPLAINANT Samuel H. Newlin-Haus		
	OFFICIAL TITLE Special Agent, Federal Bureau of Investigation		
Sworn to before me and subscribed in my presence,			
SIGNATURE OF MAGISTRATE JUDGE ⁽¹⁾ 			DATE June 15, 2017

⁽¹⁾ See Federal Rules of Criminal Procedure 3 and 54

A F F I D A V I T

I, Samuel Hans Joseph Newlin-Haus, being duly sworn and under oath, hereby depose and say as follows:

INTRODUCTION

1. I am a Special Agent ("SA") of the Federal Bureau of Investigation ("FBI") assigned to the Riverside Resident Agency of the Los Angeles Division. I have been employed with the FBI as an SA since 2016. I have had formal training at the FBI Academy relating to the investigation of financial crimes. I have assisted in and/or personally conducted investigations involving financial institution fraud and identity theft. I have received information and further training from members of the Riverside FBI White Collar Crime Squad regarding financial institution fraud and identity theft.

PURPOSE OF AFFIDAVIT: ARRESTS AND SEARCH WARRANTS

2. This affidavit is made in support of a criminal complaint and arrest warrants against JIA RUNZE, a.k.a. "Roger" ("RUNZE"), and SHI SHAN PIAO, a.k.a. Mr. Park ("PIAO"), for conspiracy to commit bank fraud and aggravated identity theft, in violation of Title 18, United States Code, Sections 1349 and 1028A.

3. This affidavit is also made in support of search warrants for JIA RUNZE and SHI SHAN PIAO, and their vehicles and residences. (The search warrant for SHI SHAN PIAO's residence alone will be sought with this same affidavit in the District of Nevada as it is located there).

4. The information set forth in this affidavit is based upon my participation in the investigation, encompassing my personal knowledge, observations and experience, as well as information obtained through my review of evidence, investigative reports,

1 interviews, debriefings with witnesses, and information provided by
2 other participating law enforcement agents. As this affidavit is
3 being submitted for the limited purpose of securing the requested
4 warrants, I have not included each and every fact known to me
5 concerning this investigation. I have set forth only the facts that
6 I believe are necessary to establish probable cause for the requested
7 warrants.

8 **PREMISES TO BE SEARCHED**

9 5. The premises to be searched (collectively, the "SUBJECT
10 PREMISES") are described as follows:

11 **In the Central District of California:**

12 a. 523-2 NORTH MOORE AVENUE, MONTEREY PARK, CA ("RUNZE'S
13 RESIDENCE") is described as follows: the east unit of a two-story,
14 tan stucco, duplex building with a reddish brown tile roof and
15 attached two-door garage. The numbers "523-2" are located above the
16 east-facing front door on the east side of the building facing NORTH
17 MOORE AVENUE. The premises to be searched includes both the
18 residence and the garage or garage space behind the garage door
19 farthest to the east. The premises to be searched includes vehicles
20 owned or controlled by JIA RUNZE (including A white, 2017 Hyundai
21 Genesis with dealer paper plates, Registered to JIA RUNZE, 108 Elm
22 Street, Alhambra, CA ("RUNZE'S WHITE GENESIS") and a blue 2016
23 Hyundai Genesis, California license number 7RWM209, registered to JIA
24 RUNZE, 108 Elm Street, Alhambra, CA ("RUNZE'S BLUE GENESIS") that are
25 found on or adjacent to RUNZE'S RESIDENCE.

26 b. A BLACK HYUNDAI, SONATA, California license number
27 7UXN080, registered to Eun S. Lee, 3333 W. 2nd Street, Apartment 51
28 216, Los Angeles, CA 90004 ("PIAO'S HYUNDAI").

1 c. The person of SHI SHAN PIAO, a.k.a. Mr. Park ("PIAO"),
2 an Asian male, born on October 4, 1970, Black hair, Brown eyes,
3 height 5'7", weight approximately 160 pounds, matching the photograph
4 of California Department of Motor Vehicles identification card number
5 B9010963.

6 d. The person of JIA RUNZE, a.k.a. Roger ("RUNZE"), an
7 Asian male, born on December 26, 1988, Black hair, Brown eyes, height
8 5'8", weight approximately 180 pounds, matching the photograph of
9 California Department of Motor Vehicles identification card number
10 D9830318.

11 **In the District of Nevada:**

12 e. 4987 INDIAN RIVER DRIVE, BUILDING 312, APARTMENT 132,
13 LAS VEGAS, NEVADA ("PIAO'S RESIDENCE"). PIAO'S RESIDENCE is further
14 described as a condominium within a two-story, red stucco building
15 with a red tile roof bearing a plaque with "Building 312" with
16 numbers "129-132" below. BUILDING 312 is located on the south side
17 of INDIAN RIVER DRIVE between Sandy River Drive and Alexis Drive.
18 PIAO'S RESIDENCE is located on the second floor on the east side of
19 BUILDING 312. The brown numerals "132" are located on the wall to
20 the left of the door to PIAO'S RESIDENCE.

21 **INVESTIGATION BACKGROUND**

22 6. RUNZE and PIAO are participants in an ongoing criminal
23 organization (PIAO Organization), which specializes in conducting
24 credit/loan fraud schemes and creating fraudulent identities for
25 individuals.

26 7. PIAO creates fraud "franchises" in which he coaches
27 participants how to conduct credit fraud activities using the
28 identities he sells to the participants (franchisees).

8. RUNZE is one of PIAO's franchisees.

9. PIAO supplies the following types of identities for his fraud schemes:

a. Identities with "586" prefix social security numbers. "586" social security numbers are issued in Guam to temporary workers. When the workers return to their native country, the social security number and corresponding identity can be used for credit and money laundering schemes;

b. Foreign nationals with U.S. visas and work permits who have, or are planning to return to their native country. These identities also have valid social security numbers corresponding to individuals who are no longer in the United States.

c. "Customers" who volunteer their identities to be used in credit building and bust-out schemes.

10. PIAO's identities are used for at least three general illegal purposes: (1) fraudulent identities for individuals, (2) credit/loan bust-out schemes and (3) the lease and theft of vehicles.

Fraudulent Identities for Individuals

11. The identities PIAO provides have valid social security numbers and no one to report the misuse of the identity allowing PIAO to prepare a package of fraudulent and fraudulently issued genuine identity documents for the customer. The identity package consists of the following documents:

a. A genuine 586 or other misappropriated social security card;

b. A fraudulent foreign passport bearing the social security card identity but with the photograph and description of the customer;

1 c. Fraudulent foreign birth certificates, marriage and
2 divorce documents with English translations;

3 d. A fraudulently issued genuine driver's license issued
4 to the social security card identity with the customer's photograph
5 and description.

6 **Credit/Loan Bust-Out Scheme**

7 12. These identities' credit scores are built and converted to
8 cash in the following manner:

9 a. A drop address is obtained;

10 b. The credit report for the identity is updated to the
11 drop address, usually by opening a bank account;

12 c. Credit cards are applied for at the bank where the
13 account is held;

14 d. The credit cards are used and paid developing a credit
15 history and qualifying the identity for larger credit limit cards;

16 e. Once the desired credit limit is attained on the
17 cards, the credit limits are drained by making charges to fake
18 merchant accounts, purchasing merchandise or gift cards and/or
19 obtaining cash advances. The card is then discarded, or

20 f. The balances are paid using other victims' stolen bank
21 account information, known in the fraud industry as a "double";

22 g. The cards can then be re-charged to the credit limit
23 before the account takeover is discovered by the victim bank.

24 **Vehicle Lease/Theft Scheme**

25 13. After the subjects develop the drop address and credit
26 history for the identities, the identities are used to lease new
27 vehicles from co-conspirators working at vehicle dealerships;
28

1 a. The subjects use the vehicles and pay the leases for
2 several months in order to avoid compromising the dealership co-
3 conspirator;

4 b. The subjects sell the vehicle to unknown entities for
5 parts and/or export from the United States;

6 c. The lease payments cease.

7 14. The investigation involves a confidential human source
8 (CHS) who posed as a prospective franchisee of the PIAO Organization
9 in order to gather evidence concerning the scope of the PIAO
10 Organization. CHS has provided physical evidence and made numerous
11 consensual recordings of the co-conspirators while discussing their
12 fraud operations in English and Korean.

13 15. CHS's descriptions of meetings have been consistent with
14 translations of the recorded meetings. CHS has also provided
15 physical evidence in the form of credit cards and credit card
16 applications corroborating CHS's reporting.

17 16. CHS has been paid for services and expenses and has
18 received sentencing consideration on an unrelated matter.

19 **SUMMARY OF EVIDENCE AGAINST RUNZE**

20 17. On or about October 22, 2015, CHS provided FBI agents with
21 a copy of a social security card issued to C.Y.J. (Note: Only the
22 initials of this individual, who is believed to be a victim of
23 identity theft, are provided.) CHS indicated that the social
24 security card copy was provided by JIA RUNZE, a.k.a. "ROGER" (RUNZE),
25 and that RUNZE planned to use the C.Y.J. identity to obtain
26 fraudulently issued credit cards using an address provided by CHS
27 (CHS Drop Address).
28

1 18. On or about November 19, 2015, FBI agents observed CHS meet
2 with RUNZE to provide mail addressed to C.Y.J. that RUNZE caused to
3 be mailed to the CHS Drop Address. FBI agents audio/video recorded
4 the meeting. I reviewed a transcript of the recording which
5 indicated the following:

6 a. RUNZE acknowledged opening a U.S. Bank account using
7 the C.Y.J. identity.

8 b. RUNZE instructed CHS to use the U.S. Bank debit card
9 associated with the account for expenses and RUNZE would replenish
10 the account as needed to build the credit score for the C.Y.J.
11 identity to obtain a credit card.

12 19. I reviewed U.S. Bank correspondence mailed to C.Y.J. at the
13 CHS drop address which indicated U.S. Bank had opened a bank account
14 in the name of C.Y.J.

15 20. On or about March 1, 2016, FBI agents observed CHS meet
16 with RUNZE to provide mail received at the CHS Drop Address,
17 addressed to C.Y.J. from: NAVY League, First Premier Bank, Citibank,
18 Capital One, Credit One and Surge MasterCard. FBI agents audio/video
19 recorded the meeting. I reviewed a transcript of the recording which
20 indicated the following:

21 a. RUNZE explained that membership with NAVY League
22 allowed him to open lines of credit with the NAVY Federal Credit
23 Union (NAVY FCU).

24 b. RUNZE indicated the documents provided by CHS allowed
25 him to eventually apply for and obtain two Chase credit cards valued
26 at \$12,000 each and one Citibank credit card valued at \$10,000.

1 21. On or about March 17, 2016, FBI agents observed CHS meet
2 with RUNZE. FBI agents audio/video recorded the meeting. I reviewed
3 a transcript of the recording which indicated the following:

4 a. RUNZE provided CHS \$2,000 in cash and informed CHS the
5 credit cards he obtained using the C.Y.J identity would provide
6 approximately \$59,000.

7 b. RUNZE explained doing a "double" on a credit card
8 account as follows: (1) Make purchase charges on the account up to
9 its credit limit, (2) Pay the balance using another individual's bank
10 account information, (3) Re-charge the account to its limit a second
11 time.

12 c. RUNZE indicated that his partner's name is SHI SHAN
13 PIAO (PIAO).

14 22. I reviewed copies of mail addressed to C.Y.J. provided by
15 CHS discussed during the March 17, 2016, meeting that RUNZE caused to
16 be mailed to the CHS drop address. The documents included credit
17 cards issued to C.Y.J. from Citibank and Capital One, and a debit
18 card issued to C.Y.J. from NAVY FCU.

19 23. FBI agents conducted physical surveillance during the March
20 17, 2016, CHS meeting with RUNZE. Agents conducting the surveillance
21 observed RUNZE driving a 2016 Hyundai Veloster, CA license #7RCD265.

22 24. I reviewed California Department of Motor Vehicle (CADMV)
23 registration records which indicated that the vehicle was registered
24 to Q.H., 8829 Duarte Rd., San Gabriel, CA (San Gabriel Address).

25 25. I reviewed loss statements from Citibank and Capital One
26 concerning Q.H. and the San Gabriel Address which revealed the Q.H.
27 identity was a "586" identity and there were two additional
28 identities using the San Gabriel Address for credit card accounts.

1 26. Based on my training and experience, I believe that the
2 PIAO Organization used the identities associated with the San Gabriel
3 Address to obtain fraudulently issued credit cards.

4 27. On or about April 6, 2016, CHS identified a California
5 Department of Motor Vehicles (DMV) photograph of RUNZE with no
6 identifying information as the individual CHS knows as "Roger." I
7 reviewed California DMV information which indicated RUNZE's home
8 address was 108 Elm Street, Alhambra, CA (his parents' address).

9 28. On or about April 28, 2016, CHS met with RUNZE to provide
10 mail received at the CHS Drop Address addressed to C.Y.J., including
11 a NAVY FCU credit card and a Chase credit card. FBI agents
12 audio/video recorded the meeting. I reviewed a transcript of the
13 recording which revealed the following:

14 a. RUNZE told CHS he used the stolen identities to lease
15 new vehicles for his personal use and then sells them for parts.
16 RUNZE explained the tracking device used by dealerships on leased
17 vehicles is removed so they cannot be tracked.

18 b. RUNZE said he and his partner (PIAO) moved their
19 office from Monterey Park to a house near New Avenue.

20 29. FBI agents conducted physical surveillance following the
21 April 28, 2016, CHS meeting with RUNZE and observed RUNZE drive to
22 1408 New Avenue, Unit C, Rosemead, CA (Rosemead Address).

23 30. I reviewed loss statements from Chase, Citibank, Capital
24 One, and NAVY FCU which revealed the Rosemead Address was used for
25 credit card applications and accounts for six different "586"
26 identities.

1 31. One of the identities associated with the Rosemead Address
2 was Q.H. (previously listed as the name associated with the vehicle
3 registration of a Hyundai driven by RUNZE).

4 32. Records from Citibank indicated several cash advances using
5 a credit card issued to the Q.H. identity, including: \$260 on July 6,
6 2016; \$500 on July 8, 2016; \$260 on July 9, 2016; \$500 on July 12,
7 2016; and \$180 on July 13, 2016 (referred to collectively as "the
8 cash advances").

9 33. I reviewed Automated Teller Machine (ATM) video
10 surveillance from Citibank. The Asian male obtaining the cash
11 advances in the video matched JIA RUNZE.

12 34. Based on RUNZE's statements and my training and experience,
13 I believe that the PIAO Organization used the identities associated
14 with the Rosemead Address to obtain fraudulently issued credit cards
15 and RUNZE impersonated Q.H. in order to obtain cash advances.

16 35. On or about June 6, 2016, FBI agents observed CHS meet with
17 RUNZE to provide mail addressed to C.Y.J. received at the CHS Drop
18 Address. FBI agents audio/video recorded the meeting. RUNZE
19 provided CHS with \$5,000 cash and a \$7,000 Citibank cashier's check
20 issued with the listed remitter as "RJ America, Inc." RUNZE took the
21 NAVY FCU debit card from CHS.

22 36. A business records check concerning "RJ America, Inc."
23 showed RUNZE as the listed CEO and the business address was RUNZE's
24 residence located at 108 Elm Street, Alhambra, CA.

25 37. A review of victim bank electronic records and interview
26 reports revealed credit card account losses associated with the
27 C.Y.J. identity from Capital One, Chase Bank and Citibank.

1 38. It appears that RUNZE has been involved in identity theft
2 since November 2012 or before. He bragged to the CHS in 2015 about
3 his continuing involvement in leasing cars in false identities and
4 then selling the cars for parts, but did not say for how long he had
5 been doing that. His criminal record, however, shows he was arrested
6 in November 2012 for a number of offenses, resulting in a later
7 felony conviction for false impersonation.

8 **RUNZE WORKS AT A BROTHEL WHICH MAY SUPPORT IDENTITY THEFT**

9 39. On April 1, 2017 CHS contacted RUNZE on RUNZE's cellular
10 telephone. I reviewed the audio recording in which CHS asked RUNZE
11 about the fraudulent passport he previously promised to obtain.
12 RUNZE told CHS he tried three times to ship the passport but was
13 unable to get the passport from China because he did not have any
14 friends there anymore. RUNZE claimed he no longer worked in the
15 fraud business. RUNZE told CHS he had new work and said he helps
16 "working girls" (prostitutes) by opening up "the house" (brothel),
17 cooking for them, and picking up "the stuff". RUNZE asked CHS if
18 he/she knew the house RUNZE referred to and CHS responded yes. RUNZE
19 told CHS he earns \$4,000 per month. As described in more detail
20 below, women who come to the U.S. to work as prostitutes often give
21 up their social security numbers for use in identity theft when they
22 return to their native countries.

23 40. On May 10, 2017, FBI agents conducted surveillance of
24 RUNZE's RESIDENCE and observed two young Asian females knocking on
25 the door of RUNZE's RESIDENCE.

26 41. GPS tracking of RUNZE's cellular telephone provided
27 pursuant to a federal search warrant during May and June revealed
28

1 RUNZE has taken two trips to the Washington D.C. area for a few days
2 each trip.

3 42. SA Bud Spencer, who has over 18 years with the FBI, and has
4 investigated Asian criminal enterprises indicated that RUNZE's
5 statements and actions are consistent with identity fraud and
6 involvement in human trafficking/prostitution operations for the
7 following reasons:

8 a. Asian human trafficking in support of prostitution
9 operations are often accomplished by obtaining fraudulently obtained
10 business, tourist or student visas in the United States for the
11 prostitutes which may involve the issuance of a social security
12 number.

13 b. Since the prostitutes are foreign nationals with valid
14 social security numbers, their identities are attractive to identity
15 theft/credit fraud operations since the prostitute will likely only
16 be in the United States for a limited time and their identities can
17 be used over time to build and bust-out credit.

18 c. Once in the United States, the prostitutes are often
19 rotated to different brothels around the United States necessitating
20 co-conspirators escorting them on interstate travel due to the
21 prostitutes' inability to speak English and unfamiliarity with the
22 United States.

23 **JIA RUNZE Lives at RUNZE'S RESIDENCE**

24 43. On May 16, 2017, I conducted physical surveillance of
25 RUNZE'S RESIDENCE (523-2 NORTH MOORE AVENUE, MONTEREY PARK, CA) and
26 observed the following:

27 a. An Asian male matching RUNZE's description exited
28 RUNZE'S RESIDENCE;

b. The Asian male was driving RUNZE'S BLUE GENESIS;

c. RUNZE'S WHITE GENESIS was parked in the driveway area of RUNZE'S RESIDENCE.

SUMMARY OF EVIDENCE AGAINST PIAO

44. On June 14, 2016, FBI agents observed CHS meet someone later identified by photograph as PIAO. FBI agents audio/video recorded the meeting. I reviewed an FBI draft summary translation (Korean to English) of that meeting, which indicated the following:

a. PIAO told CHS he started ROGER (RUNZE) in the credit fraud business and sold ROGER (RUNZE) the "586" identities used in the fraud scheme.

b. PIAO explained that he buys the identities from China that belonged to people who were temporary workers in Guam and returned to China. PIAO builds the credit for the identity which eventually generates \$80,000 to \$120,000 in credit proceeds for each identity.

c. PIAO indicated that he has opened fictitious merchant accounts in order to convert the credit limits to cash.

d. PIAO told CHS it is important to buy a second hand laptop computer, use it for only one case, and then dump it afterwards.

e. PIAO indicated he has drop addresses in many cities and has been conducting credit card fraud for ten (10) years with no problems from the police.

45. On July 7, 2016, FBI agents observed CHS meet PIAO. FBI agents audio/video recorded the meeting. I reviewed an FBI draft summary translation (Korean to English) of that meeting, which indicated the following:

1 a. PIAO ordered social security numbers from a contact in
2 China who sent an image of the social security number through "Kakao
3 Talk", a Korean instant messaging service.

4 b. The China contact mailed the physical social security
5 cards after receiving payment of \$5,000 per card.

6 c. PIAO received packages containing the cards within 1-2
7 weeks from the purchase date. The cards are hidden in clothing to
8 avoid customs.

9 d. PIAO removes the "valid for work only" restriction
10 from the cards.

11 e. PIAO indicated that the benefit of using authentic
12 identities is that the identity can be used to obtain genuine
13 identification documents.

14 f. PIAO stated that he had a genuine Chicago driver's
15 license and was able to bust out \$80,000 in one day using credit
16 cards issued to the identity.

17 46. On July 25, 2016, FBI agents observed CHS purchase a social
18 security card issued to Y.Z. from PIAO. FBI agents audio/video
19 recorded the meeting. I reviewed an FBI draft summary translation
20 (Korean to English) of that meeting, which indicated the following:

21 a. PIAO showed CHS two social security cards issued to
22 Y.F. and Y.Z. CHS paid PIAO \$5,000 for the Y.Z. identity social
23 security card, \$1,000 for a fraudulent passport to match the
24 identity, and provided two passport photographs to PIAO for the
25 fraudulent passport.

26 b. PIAO planned to purchase four additional social
27 security cards for the credit/loan bust-out scheme. PIAO suggested
28

1 the CHS open a business and create a merchant account in order to
2 convert the credit limits to cash.

3 c. PIAO told CHS he has lived off the credit/loan bust-
4 out scheme and wanted to continue it with the CHS for a long time.

5 47. On July 28, 2016, FBI agents observed CHS meet with PIAO.
6 FBI agents audio/video recorded the meeting. I reviewed an FBI draft
7 summary translation (Korean to English) of that meeting, which
8 indicated the following:

9 a. PIAO told CHS if they circulate their scheme for 4-6
10 months, they will have 3-4 credit cards with a combined credit of
11 \$200,000 to \$300,000 per identity.

12 b. PIAO told CHS he planned to use the Y.Z. identity to
13 create merchant accounts.

14 c. PIAO told CHS the scheme can produce \$1 million
15 annually.

16 48. On or about September 21, 2016, PIAO provided CHS his
17 personal Chinese passport as collateral. PIAO's passport identified
18 him as follows: SHISHAN PIAO, Date of Birth (DOB): October 4, 1970,
19 Chinese passport number Gi9613593.

20 49. I examined the DMV photograph associated with SHI SHAN
21 PIAO, Date of Birth: October 4, 1970 and the photograph matched the
22 appearance of the individual meeting with the CHS.

23 50. On or about October 26, 2016, PIAO instructed CHS
24 telephonically to drop off an electronic copy of the Y.Z. social
25 security card to a house in Los Angeles so PIAO could digitally
26 remove the work only restriction. CHS traveled to the location and
27 reported the following:
28

1 a. The front room of the house was being used as an
2 office.

3 b. PIAO was working with two male individuals. One of
4 the males identified himself as Young Hoon (phonetic)

5 c. CHS observed laptop computers inside the location with
6 Navy Federal Credit Union credit card applications on the screens.

7 51. On or about November 18, 2016, PIAO contacted CHS
8 telephonically and indicated that CHS's passport was ready. CHS met
9 with PIAO who provided CHS a fraudulent Chinese passport issued to
10 Y.Z. bearing CHS's photograph. PIAO indicated he was using 4444 West
11 Desert Inn Road, Las Vegas, Nevada, as another drop address for
12 credit fraud activities.

13 52. On or about January 6, 2017, FBI agents observed CHS meet
14 PIAO to discuss obtaining fraudulently issued genuine driver's
15 licenses. FBI agents audio/video recorded the meeting. I reviewed
16 an FBI draft summary translation (Korean to English) of that meeting,
17 which indicated the following:

18 a. PIAO has a DMV employee contact and is already in the
19 process of obtaining a fraudulently issued Nevada driver's license
20 using the Y.F. identity. PIAO obtained a temporary Nevada driver's
21 license using the Y.F. identity on December 16, 2016.

22 b. PIAO needed to return to Las Vegas, Nevada, to
23 complete the application process for his Nevada driver's license and
24 offered to arrange for CHS to obtain a fraudulently issued driver's
25 license using the Y.Z. identity. PIAO told CHS the DMV employee
26 charged \$5,600 to obtain the license.

27 53. On or about January 17, 2017, I and other FBI Agents
28 observed CHS meet with PIAO and conduct a controlled purchase of a

1 fraudulently issued genuine Nevada driver's license at the Nevada
2 Department of Motor Vehicles in Henderson, NV, (Nevada DMV). FBI
3 agents audio/video recorded the meeting. I reviewed an FBI draft
4 summary translation (Korean to English) of that meeting, which
5 indicated the following:

6 a. PIAO provided fraudulent documents issued in the name
7 of Y.Z. to support the driver's license application, including: a
8 fraudulent Chinese birth certificate with English translation, and a
9 fraudulent document in Chinese bearing CHS's photograph which PIAO
10 told CHS was a divorce certificate.

11 b. CHS gave \$5,600 to an Asian female who indicated she
12 was a Nevada DMV employee.

13 c. CHS received a temporary Nevada driver's license
14 issued to the Y.Z. identity.

15 54. On or about February 2, 2017 FBI agents observed CHS meet
16 with PIAO to discuss the status of the Nevada driver's license. FBI
17 agents audio/video recorded the meeting. CHS reported the following:

18 a. PIAO indicated that the Nevada DMV issued him a
19 permanent driver's license in the name of Y.F.

20 b. PIAO gave CHS a Nevada DMV driver authorization card
21 issued to Y.Z bearing CHS's photograph.

22 c. PIAO showed CHS a credit report for the Y.Z. identity
23 and a fake utility bill addressed to Y.Z. in Las Vegas, Nevada.

24 55. On or about March 13, 2017, CHS met with PIAO and provided
25 CHS a fraudulently issued genuine Nevada driver's license issued to
26 Y.Z. bearing CHS's photograph.

27 56. I reviewed Nevada DMV records, which confirmed driver's
28 licenses were issued to Y.F. (the identity used by PIAO, and which

bore PIAO's photograph) and Y.Z. (the identity used by CHS, and which bore CHS's photograph).

PIAO Uses PIAO'S HYUNDAI and Lives at PIAO'S RESIDENCE

57. On or about March 13, 2017, CHS met with PIAO. FBI agents audio/video recorded the meeting. I reviewed an FBI draft summary translation (Korean to English) of that meeting, which indicated PIAO informed CHS that he planned to move to Las Vegas, NV, to continue conducting his credit fraud business.

58. SA Jacob Hale, Special Agent, Las Vegas Division, Federal Bureau of Investigation, used the court ordered GPS tracking information provided by PIAO's cellular telephone provider to track PIAO's cellular telephone. On May 18, 2017, SA Hale indicated that PIAO's cellular telephone was located within the Bella Vita housing complex in Las Vegas, Nevada 89103. Through the use of a cell-site simulator, SA Hale narrowed its location to BUILDING 312, UNIT 132 (PIAO'S RESIDENCE).

59. SA Tyler Stevens, Special Agent, Las Vegas Division, Federal Bureau of Investigation, conducted surveillance of PIAO's RESIDENCE and told me the following:

a. On June 2, 2017, Stevens observed an Asian male, approximately 5'7", 140 pounds, wearing a white, short-sleeved collared shirt enter a BLACK HYUNDAI SEDAN with California license plate 7UXN080 (PIAO'S HYUNDAI) and leave the area.

b. On June 5, 2017, Stevens observed an Asian male matching PIAO's description exiting 4987 INDIAN RIVER DRIVE, BUILDING 312, UNIT 132, LAS VEGAS, NEVADA (PIAO'S RESIDENCE).

PIAO CONTINUES TO SELL STOLEN IDENTITIES

60. On or about March 13, 2017, CHS met with PIAO. FBI agents audio/video recorded the meeting. I reviewed an FBI draft summary translation (Korean to English) of that meeting, which indicated the following:

a. PIAO was working with Young Hoon (phonetic) in Las Vegas, the individual whom CHS met in Los Angeles while working with PIAO;

b. CHS would need to travel to Las Vegas, NV in order to open bank accounts for the identities to start building credit for the identities.

c. Park had four or five identities ready for purchase.

61. On or about June 9, 2017, CHS contacted SA Bud Spencer. SA Spencer told me the following:

a. CHS contacted PIAO and told him that CHS has obtained money to purchase more identities.

b. PIAO agreed to come to Los Angeles to meet with CHS on June 20, 2017.

62. GPS records showed that PIAO's cellular telephone crossed from Nevada to California around 4:30pm on June 13, 2017. FBI agents told me they conducted surveillance on PIAO'S RESIDENCE around then and did not see PIAO'S HYUNDAI anywhere near it (previously, they had seen PIAO'S HYUNDAI repeatedly in the same space adjacent to PIAO'S RESIDENCE). GPS records show that on June 14, 2017, PIAO's cellular telephone was traveling around Los Angeles. Thus it appears that PIAO has driven back to the Central District in PIAO'S HYUNDAI.

Training and Experience Regarding Fraud:

63. SA Bud Spencer, who has over 18 years in the FBI and has investigated fraud, told me the following from his training and experience: Individuals involved in identity theft schemes like this one must keep evidence of their schemes, such contact information for their co-conspirators, lists of victim information and accounts used in the scheme, simply to keep the scheme going. Most of this evidence is now stored on digital devices such as computers and smartphones. Identity thieves who use fraudulent credit cards often use them to purchase items with a high resale value, such as electronics or designer clothing or bags, which they keep in new condition to sell on for cash, or to return for a refund, which may take the form of cash or gift cards. Typically, they maintain all this evidence where is close at hand and safe, such as in their residences, automobiles, and, especially with smartphones, on their person. For larger or more sophisticated frauds, participants often attempt to distance themselves from some of the incriminating evidence by renting public storage units or safety deposit boxes where they often keep the items they will not need immediate access to.

Information for Detention Purposes

PIAO Is In the U.S. Illegally

64. On April 3, 2017 I contacted Immigration and Customs Enforcement Special Agent Brittney Rutledge and provided PIAO's and RUNZE's information. SA Rutledge informed me PIAO filed for a visa extension on October 31, 1997 that was valid for six (6) months. SA Rutledge stated PIAO is out of status as an overstay and subject to administrative arrest. SA Rutledge further informed me that ICE would place a detainer on PIAO after he was arrested.

RUNZE Faces Deportation After Conviction

65. SA Rutledge further informed me that RUNZE is a green card holder since 2005 and has no pending applications at this time. She said that RUNZE would be placed in removal proceedings if he were convicted of an aggravated felony under immigration law (8 USC Section 1227(a)(2)(A)(iii)). Fraud offenses for which the loss exceeds \$10,000 constitute "aggravated felonies." 8 USC § 1101(a)(43)(M)(i).

PIAO's Organization Wires Money Overseas

66. According to bank records, 816 South Stoneman Avenue, Apartment H, Alhambra, CA 91801, one of the drop addresses associated with the PIAO Organization, was used on wire transfer requests to China. For example, between October of 2016 and December of 2016, J.C. originated 11 money remittances totaling \$21,000 to Q.W. in Nanchang City, China.

RUNZE Can Obtain Genuine Driver's Licenses Fraudulently

67. On or about July 7, 2016, RUNZE told CHS he planned to go to Seattle, Washington to obtain a fraudulently issued genuine driver's license through a contact associated with the Department of Motor Vehicles (DMV).

SCOPE OF THE PIAO ORGANIZATION

68. To date, the investigation has identified (20) suspected drop addresses, (4) fraudulent merchant accounts and (58) suspected stolen identities being used by the PIAO Organization in (6) states.

69. Victim creditors have identified approximately \$900,000 in losses associated with the fraudulent merchant accounts and stolen identities identified to date. This is just the loss documented so far, however, and appears to vastly understate the true losses.

1 70. Review of FBI investigative reports from a previous
2 investigation revealed that PIAO, using the name San-e, was
3 soliciting customers to purchase fraudulent identity documents in
4 2012.

5 71. Based on PIAO's statements of being in the business for 10
6 years and generating an annual income from the credit/loan bust out
7 scheme of \$1 million, additional estimated loss is \$10,000,000.

8 **TRAINING AND EXPERIENCE ON DIGITAL DEVICES**

9 72. As used below, the term "digital device" includes any
10 electronic system or device capable of storing and/or processing data
11 in digital form, including: central processing units; laptop or
12 notebook computers; personal digital assistants; wireless
13 communication devices such as telephone paging devices, beepers, and
14 mobile telephones; peripheral input/output devices such as keyboards,
15 printers, scanners, plotters, monitors, and drives intended for
16 removable media; related communications devices such as modems,
17 cables, and connections; storage media such as hard disk drives,
18 floppy disks, compact disks, magnetic tapes used to store digital
19 data (excluding analog tapes such as VHS), and memory chips; and
20 security devices. Based on my knowledge, training, and experience,
21 as well as information related to me by agents and others involved in
22 the forensic examination of digital devices, I know that data in
23 digital form can be stored on a variety of digital devices and that
24 during the search of the premises it is not always possible to search
25 digital devices for digital data for a number of reasons, including
26 the following:

27 a. Searching digital devices can be a highly technical
28 process that requires specific expertise and specialized equipment.

1 There are so many types of digital devices and software in use today
2 that it is impossible to bring to the search site all of the
3 necessary technical manuals and specialized equipment necessary to
4 conduct a thorough search. In addition, it may also be necessary to
5 consult with specially trained personnel who have specific expertise
6 in the type of digital device, software application or operating
7 system that is being searched.

8 b. Digital data is particularly vulnerable to inadvertent
9 or intentional modification or destruction. Searching digital
10 devices can require the use of precise, scientific procedures that
11 are designed to maintain the integrity of digital data and to recover
12 "hidden", erased, compressed, encrypted or password-protected data.
13 As a result, a controlled environment, such as a law enforcement
14 laboratory or similar facility, is essential to conducting a complete
15 and accurate analysis of data stored on digital devices.

16 c. The volume of data stored on many digital devices will
17 typically be so large that it will be highly impractical to search
18 for data during the execution of the physical search of the premises.
19 A single megabyte of storage space is the equivalent of 500 double-
20 spaced pages of text. A single gigabyte of storage space, or 1,000
21 megabytes, is the equivalent of 500,000 double-spaced pages of text.
22 Storage devices capable of storing 500 gigabytes (GB) of data are now
23 commonplace in desktop computers. Consequently, each non-networked,
24 desktop computer found during a search can easily contain the
25 equivalent of 240 million pages of data, that, if printed out, would
26 completely fill three 35' x 35' x 10' rooms to the ceiling. Further,
27 a 500 GB drive could contain as many as approximately 450 full run
28 movies or 450,000 songs.

1 d. Electronic files or remnants of such files can be
2 recovered months or even years after they have been downloaded onto a
3 hard drive, deleted or viewed via the Internet. Electronic files
4 saved to a hard drive can be stored for years with little or no cost.
5 Even when such files have been deleted, they can be recovered months
6 or years later using readily-available forensics tools. Normally,
7 when a person deletes a file on a computer, the data contained in the
8 file does not actually disappear; rather, that data remains on the
9 hard drive until it is overwritten by new data. Therefore, deleted
10 files, or remnants of deleted files, may reside in free space or
11 slack space, i.e., space on the hard drive that is not allocated to
12 an active file or that is unused after a file has been allocated to a
13 set block of storage space for long periods of time before they are
14 overwritten. In addition, a computer's operating system may also
15 keep a record of deleted data in a swap or recovery file. Similarly,
16 files that have been viewed via the Internet are automatically
17 downloaded into a temporary Internet directory or cache. The browser
18 typically maintains a fixed amount of hard drive space devoted to
19 these files, and the files are only overwritten as they are replaced
20 with more recently viewed Internet pages. Thus, the ability to
21 retrieve residue of an electronic file from a hard drive depends less
22 on when the file was downloaded or viewed than on a particular user's
23 operating system, storage capacity, and computer habits. Recovery of
24 residue of electronic files from a hard drive requires specialized
25 tools and a controlled laboratory environment.

26 e. Although some of the records called for by this
27 warrant might be found in the form of user-generated documents (such
28 as word processor, picture, and movie files), digital devices can

1 contain other forms of electronic evidence as well. In particular,
2 records of how a digital device has been used, what it has been used
3 for, who has used it, and who has been responsible for creating or
4 maintaining records, documents, programs, applications and materials
5 contained on the digital devices are, as described further in the
6 attachments, called for by this warrant. Those records will not
7 always be found in digital data that is neatly segregable from the
8 hard drive image as a whole. Digital data on the hard drive not
9 currently associated with any file can provide evidence of a file
10 that was once on the hard drive but has since been deleted or edited,
11 or of a deleted portion of a file (such as a paragraph that has been
12 deleted from a word processing file). Virtual memory paging systems
13 can leave digital data on the hard drive that show what tasks and
14 processes on the computer were recently used. Web browsers, e-mail
15 programs, and chat programs store configuration data on the hard
16 drive that can reveal information such as online nicknames and
17 passwords. Operating systems can record additional data, such as the
18 attachment of peripherals, the attachment of USB flash storage
19 devices, and the times the computer was in use. Computer file systems
20 can record data about the dates files were created and the sequence
21 in which they were created. This data can be evidence of a crime,
22 indicate the identity of the user of the digital device, or point
23 toward the existence of evidence in other locations. Recovery of
24 this data requires specialized tools and a controlled laboratory
25 environment.


26 f. Further, evidence of how a digital device has been
27 used, what it has been used for, and who has used it, may be the
28 absence of particular data on a digital device. For example, to

1 rebut a claim that the owner of a digital device was not responsible
2 for a particular use because the device was being controlled remotely
3 by malicious software, it may be necessary to show that malicious
4 software that allows someone else to control the digital device
5 remotely is not present on the digital device. Evidence of the
6 absence of particular data on a digital device is not segregable from
7 the digital device. Analysis of the digital device as a whole to
8 demonstrate the absence of particular data requires specialized tools
9 and a controlled laboratory environment.

10 g. The United States has not attempted to obtain this
11 data by other means.

12 **CONCLUSION**

13 73. Based upon the foregoing facts and my training and
14 experience, I believe there is probable cause to believe that JIA
15 RUNZE and SHI SHAN PIAO conspired to commit bank fraud and committed
16 aggravated identity theft in violation of Title 18, United States
17 Code, Sections 1349 and 1028A, and that evidence of the violations
18 listed in Attachment B will be found at the SUBJECT PREMISES.

19 
20
21 Samuel Hans Joseph Newlin-Haus,
22 Special Agent
23 Federal Bureau of Investigation

24 Subscribed to and sworn before me
25 this 15th day of June, 2017.

26 
27
28 UNITED STATES MAGISTRATE JUDGE